

# HOUSE BILL 888

Q3  
HB 424/16 – W&M

7lr1886

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By: **Delegates Morgan, Anderton, Aumann, Buckel, Cassilly, Clark, Folden, Ghrist, S. Howard, Impallaria, Malone, McComas, Metzgar, W. Miller, Otto, Parrott, Reilly, Rey, Saab, West, and Wivell**

Introduced and read first time: February 6, 2017

Assigned to: Ways and Means

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## A BILL ENTITLED

1 AN ACT concerning

2 **Income Tax – Expensing of Business Property and Bonus Depreciation –**  
3 **Recoupling With Federal Law**

4 FOR the purpose of repealing certain Maryland income tax modifications for certain  
5 deductions for the cost of business property placed in service that is treated as an  
6 expense for federal income tax purposes; repealing certain Maryland income tax  
7 modifications for a certain additional depreciation allowance under the federal  
8 income tax for business property placed in service; providing for the application of  
9 this Act; and generally relating to certain Maryland income tax modifications with  
10 respect to the federal income tax treatment of business property.

11 BY repealing and reenacting, with amendments,  
12 Article – Tax – General  
13 Section 10–210.1  
14 Annotated Code of Maryland  
15 (2016 Replacement Volume)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
17 That the Laws of Maryland read as follows:

18 **Article – Tax – General**

19 10–210.1.

20 (a) (1) In this section the following words have the meanings indicated.

21 (2) “Depreciation” includes any deduction allowed under § 179 of the  
22 Internal Revenue Code.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (3) “Heavy duty SUV” means a 4-wheeled vehicle that:

2 (i) is manufactured primarily for use on public streets, roads, and  
3 highways;

4 (ii) is rated at more than 6,000 but not more than 14,000 pounds  
5 gross vehicle weight; and

6 (iii) would be a passenger automobile as defined in § 280F of the  
7 Internal Revenue Code if it were rated at 6,000 pounds gross vehicle weight or less.

8 (b) In addition to the modifications under §§ 10-204 through 10-210 of this  
9 subtitle, to determine Maryland adjusted gross income of an individual:

10 (1) [an amount is added to or subtracted from federal adjusted gross  
11 income to reflect the determination of the depreciation deduction provided under § 167(a)  
12 of the Internal Revenue Code and the adjusted basis of property without regard to the  
13 additional allowance under § 168(k) of the Internal Revenue Code;

14 (2)] an amount is added to or subtracted from federal adjusted gross income  
15 to determine the net operating loss deduction allowed under § 172 of the Internal Revenue  
16 Code without regard to an election under § 172(b)(1)(H) of the Internal Revenue Code for a  
17 carryback period of up to 5 years;

18 [(3) an amount is added to or subtracted from federal adjusted gross income  
19 to reflect the determination of the maximum aggregate costs that the taxpayer may treat  
20 as an expense under § 179 of the Internal Revenue Code for any taxable year without regard  
21 to any changes made to that section after December 31, 2002:

22 (i) increasing above \$25,000 the dollar limitation set forth in §  
23 179(b)(1) of the Internal Revenue Code; or

24 (ii) increasing above \$200,000 the phase-out threshold set forth in §  
25 179(b)(2) of the Internal Revenue Code;]

26 [(4) (2) an amount is added to or subtracted from federal adjusted gross  
27 income to reflect the recognition of income from discharge of indebtedness and the  
28 allowance of any deduction with respect to original issue discount without regard to § 108(i)  
29 of the Internal Revenue Code; and

30 [(5) (3) an amount is added to or subtracted from federal adjusted gross  
31 income to reflect the determination of the depreciation deduction with respect to any heavy  
32 duty SUV as if the heavy duty SUV were subject to the limitations of § 280F of the Internal  
33 Revenue Code in the same manner as it would be if the vehicle were rated at 6,000 pounds  
34 gross vehicle weight or less.

1           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July  
2   1, 2017, and shall be applicable to all taxable years beginning after December 31, 2016.